



COMMITTEE ON APPROPRIATIONS

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The GOP Budget: A “Penny-Wise, Pound-Foolish” Approach and a Threat to our Fragile Economy

Washington, D.C. - It's been a month since the GOP Majority passed their FY 2011 budget (H.R.1) and the opinion of economists hasn't changed: jamming on the fiscal breaks in a recession would do serious damage to our already fragile economy. Rather than creating jobs, H.R.1 would slow growth and lead to job loss when unemployment hovers at around 9.0%. Estimates of job loss range from hundreds of thousands to 2.4 million. Combine that with the threats from rising oil-prices and international instability and it's clear that H.R.1 is the wrong bill at the wrong time. The devil is also in the details as vital programs to our nation's well-being and future economic competitiveness receive drastic cuts.

As negotiations are underway to fund the government through the remainder of the year, it's important that we steer away from the “penny-wise, pound-foolish” approach the GOP Majority took with H.R. 1. Below are just some of the examples that prioritize short-sighted savings at the expense of long-term investments in the health of the nation:

Safety of Our Meat and Poultry: The Republican proposal dramatically reduces funds for the Food Safety and Inspection Service, which is responsible for the safety of meat and poultry, to 2008 level – \$88 million below current levels and \$107 million below the Administration's 2011 budget. USDA states this would mean furloughing federal inspectors in slaughter and processing plants. Since plants cannot operate without inspectors, the plants would have to close their doors. USDA estimates that those plants would have to shut down for six to nine weeks. This will hurt the plants, the economies in their towns, the workers, producers and consumers, as prices rise. USDA estimates an economic loss of \$11 billion.

Operation of Social Security and Medicare: The Social Security operating budget is cut by \$125 million forcing a continuation of a hiring freeze; leading to longer waits for service; and growing backlogs of claims for disability benefits. The Medicare operating budget is cut by \$458 million (13%), hampering processing of payments for services to patients. These cuts to operations are a perfect example of “penny-wise, pound-foolish” cuts as they would set back

efforts to tackle waste, fraud and abuse in Medicare and Social Security payments that end up saving tax-payer money.

IRS Taxpayer Enforcement and Services: At \$1.1 billion below the President's budget request and \$603 below the current CR level, the GOP budget would force the IRS to furlough as many as 5,000 employees at the height of tax season. This would reduce enforcement on tax cheats; provide fewer services to taxpayers and delay tax returns. Reducing the Government's ability to collect taxes only helps the deficit grow since enforcement dollars have a \$5-to-\$1 return on investment. This is a cut that costs more than it saves as it would actually increase the deficit by \$4 billion per year, starting in 2013.

INVESTMENTS IN EDUCATION

- **Head Start:** The cut of \$1.1 billion (14%) below the enacted level and more than \$500 million below FY2008, would translate to a massive loss of comprehensive early childhood services, with more than 200,000 children across the country being kicked out of the program and putting 55,000 Head Start teachers out of work and into unemployment lines. Additionally, this funding level would mean cuts to research grants, training and technical assistance grants and monitoring activities.
- **Elementary and Secondary Education:** H.R. 1 slashes education funding overall by more than 15%, which is the largest education cut in history and would reduce services for public school students in every state and every district. In particular, the bill cuts well over a billion dollars below the enacted level from several formula grants that are the foundation of Federal aid to school districts, including Title I grants, Teacher Quality grants, and School Improvement grants. The Title I grants program alone is cut by nearly \$700 million, meaning that 2,400 schools serving 1 million disadvantaged students could lose funding, and approximately 10,000 teachers and aides could lose their jobs. Numerous other programs are eliminated, including, Math and Science Partnerships, and Education Technology State Grants.
- **Pell Grants and Other Assistance to Low-Income College Students:** The Republican budget freezes funding for Pell Grants at last year's level, therefore requiring maximum grant amounts to be reduced by \$845 per student because of continued growth in the number of students eligible and the levels of financial assistance needed during the recession. Pell Grants provide the basic foundation of federal student aid and help more than 9 million students afford to attend college. Supplemental Educational Opportunity Grants that provide extra help to 1.3 million undergraduates with the greatest need are eliminated entirely. TRIO and GEAR UP are also programs that assist low-income college students and are cut by \$45 million

below the enacted level, and aid to colleges serving minority and disadvantaged students is cut by \$248 million (41%).

Help for the Poor and Elderly: Community Services Block Grants are cut by \$305 million below the enacted level. The LIHEAP contingency fund is drained entirely with a cut of \$390 million preventing any means for the agency to respond to the current spike in fuel costs. The Administration on Aging is cut by \$71 million which would cause reduced senior center and Meals on Wheels services to the elderly.

Weather & Climate Warning Services: The Republican budget would cut National Oceanic and Atmospheric Administration (NOAA) by 1.2 billion below the President's FY11 request and \$410 million below the enacted level, severely limiting critical weather forecasting, climate research and natural disaster warning systems. Many vulnerable communities across the country rely on NOAA forecasts and early-warning systems to alert them before extreme weather and natural disasters strike. One such NOAA warning system is a buoy network in the Pacific that accurately alerts of a tsunami. The Republican budget would prevent full maintenance of the network which is in need of repairs.

Health Services, Training and Research: The Republican budget cuts Community Health Centers by \$1 billion (46%) below the enacted level, jeopardizing care for 3 million patients. These centers address the health-care needs of underserved areas and more than half are located in rural communities. Health professions training programs are cut by \$57 million (23%); and nurse training and scholarships are cut by \$88 million (36%). National Institutes of Health funding is decreased by \$1.6 billion cutting funding for cancer research and other life-threatening diseases.

Food Assistance for Women, Children and the Elderly: Commodity Supplemental Food Program (CSFP) provides food assistance to particularly vulnerable low-income mothers, young children and the elderly. The Republican budget would cut CSFP by \$20 million below the enacted level. As if times weren't tough enough for these folks, this cut would require more than 100,000, or roughly 1 out of every 6, participants to be dropped from the program.

Job Training/Employment Services: The House Republican CR eliminates Federal funding for Adult Training, Dislocated Worker Assistance and Youth Training programs. These programs provide job training and reemployment services to about 8 million Americans every year, including disadvantaged youth and workers who have lost their jobs as a result of plant closings or mass layoffs. The bill also cuts funding for Dislocated Worker National Emergency Grants (NEGs) by \$200 million, or 87 percent. NEGs assist workers impacted by events like industry wide layoffs and natural disasters by offering supports such as affordable health care or training to enter new jobs.

Food and Drug Administration: The Republican proposal cuts FDA funding by \$241 million below 2010 and \$400 million below the Administration's 2011 budget request. This would lead to furloughs and potentially layoffs of hundreds of FDA staff including those who inspect our domestic and imported foods. It would also lead to a sharp reduction in the number of samples of food and medical products coming into our country from overseas.

Worker Health and Safety: OSHA is cut by \$99 million (18 %) below the enacted level which would lead to at least 8,000 fewer workplace hazard inspections and furloughs of all staff for up to three months. No additional funding is provided to address serious mine safety problems. Also, lawyers and judges working to reduce backlog of mine citations may be laid off this summer.

Corporation for National and Community Service: CNCS programs are completely eliminated by the Republican Budget including funding for AmeriCorps, Senior Corps, Foster Grandparents, VISTA, and others. The total cut to CNCS is \$1.024 billion (89%) below the enacted level.

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